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***Direct-access Securities from the Nation's Largest
Public Power Producer***



Presentation to:

**The 24th Annual LaSalle Fixed Income
Symposium and Exposition**

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Corporate Profile

Ownership

Wholly owned U.S. Government Corporation

Location

Southeastern United States

Credit Ratings

AAA/Aaa

2005 Total Revenues

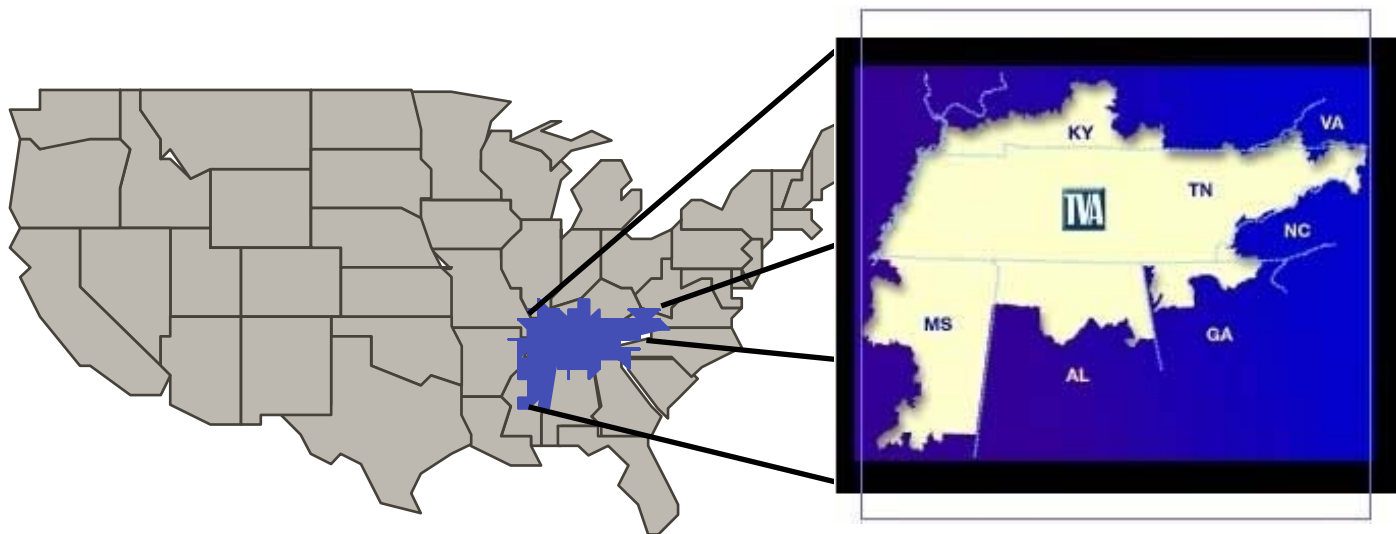
\$7.8 billion

2005 Operating Income

\$1.3 billion

Core Business

Wholesale power generation, integrated river system stewardship, and economic development





Corporate Profile

Power System Resources

Total System Capacity

TVA-Owned Capacity

Total Assets

2005 Power Generation

2005 Power Sales

Service Area Size

Customers

Hydroelectric, Coal-fired, Nuclear, Combustion
Turbine, Diesel Generators, Green Power

33,981 MW (winter net dependable)

32,259 MW (summer net dependable)

30,644 MW (winter net dependable)

\$34.6 billion

160 billion kWh

171 billion kWh

80,000 square miles across parts of seven states

158 municipal and cooperative power distributors;
61 directly-served industrial customers and federal
agencies





The Business of Public Power

- **One Owner** – The United States Government. Stakeholders include 8.6+ million residents of the Tennessee Valley region.
- **Self-Financed** – No Federal appropriations support TVA's power or non-power operations.
- **Rate Requirements** – Statutory requirement of the TVA Act that TVA charge rates sufficient to cover its obligations, including service on its debt.
- **Tax-Equivalent Payments** – Required by the TVA Act to make payments in lieu of taxes to state and local governments. TVA paid \$365 million in tax-equivalent payments in 2005.
- **Repayment of the Government's Power System Investment** – TVA makes annual payments as a return on and as a repayment of the government's investment in the TVA power system. Through 2005, TVA has paid over \$3.5 billion on the government's investment of \$1.4 billion.



TVA's Regulatory Structure

- **Congressional Oversight** – TVA is a wholly-owned government corporation with Congressional oversight:
 - *House Transportation & Infrastructure Committee*
 - *Senate Environment & Public Works Committee*
- **Government Appointed Board Members** –
 - *TVA's Board members are appointed by the President and confirmed by the U.S. Senate.*
 - *Among other things, responsible for setting TVA power rates, developing long-term plans, and approving annual budgets.*
- **Independent Inspector General** – As an agency of the U.S. Government, TVA has an independent Inspector General. The IG conducts ongoing operational and financial audits of TVA.
- **SEC Filing** – Beginning with the FY 2006 Annual Report, TVA will file annual (10-K), quarterly (10-Q) & current (8-K) reports with the Securities & Exchange Commission.



TVA's Regulatory Structure

- **GAAP** – General purpose financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles
- **Sarbanes-Oxley Act***
 - Certifications similar to Section 302 certifications included in quarterly reports and annual Information Statements*
 - Disclosure Control Committee in place*
 - Section 404 compliance required in fiscal year 2007*
- **Independent Auditor** – PricewaterhouseCoopers (since 1938)
- **Budget Oversight** – Performed by the Office of Management and Budget
- **Other Agencies** – Various reports submitted to other federal agencies (e.g., NRC, FERC, DOE, U.S. Treasury)

**Since TVA is not an "issuer" for the purposes of the Sarbanes-Oxley Act of 2002 ("Act"), TVA is technically exempt from many provisions of the Act. Pursuant to the Consolidated Appropriations Act, 2005, however, TVA is required to start filing periodic reports with the SEC beginning with its FY 2006 annual report. At that time, TVA will be required to comply with (1) SEC reporting regulations that incorporate certain provisions of the Sarbanes-Oxley Act and (2) most of the audit-related provisions of the Sarbanes-Oxley Act.*



Summary of Governance Changes

	CURRENT STRUCTURE	NEW STRUCTURE*
BOARD STRUCTURE	3 Person, Full-Time Board <i>(appointed by President & confirmed by Senate)</i>	9 Person, Part-Time Board <i>(appointed by President & confirmed by Senate)</i>
RATEMAKING AUTHORITY	TVA Board Sets Power Rates	TVA Board Sets Power Rates
BOARD MEMBER TERM-LENGTH	9-Year Terms	5-Year Terms
MANAGEMENT	Board Manages Daily Operation	CEO Manages Daily Operation
COMPENSATION	Base Salary Restricted	Salary Restrictions Removed
AUDIT COMMITTEE	No Audit Committee	Audit Committee
FINANCIAL FILINGS	Voluntary Financial Reporting & Disclosure	Reports Filed with SEC <i>(Forms 10-K, 10-Q, 8-K)</i>

*TVA's new governance structure will be effective when at least 3 of 7 new Board members take office.

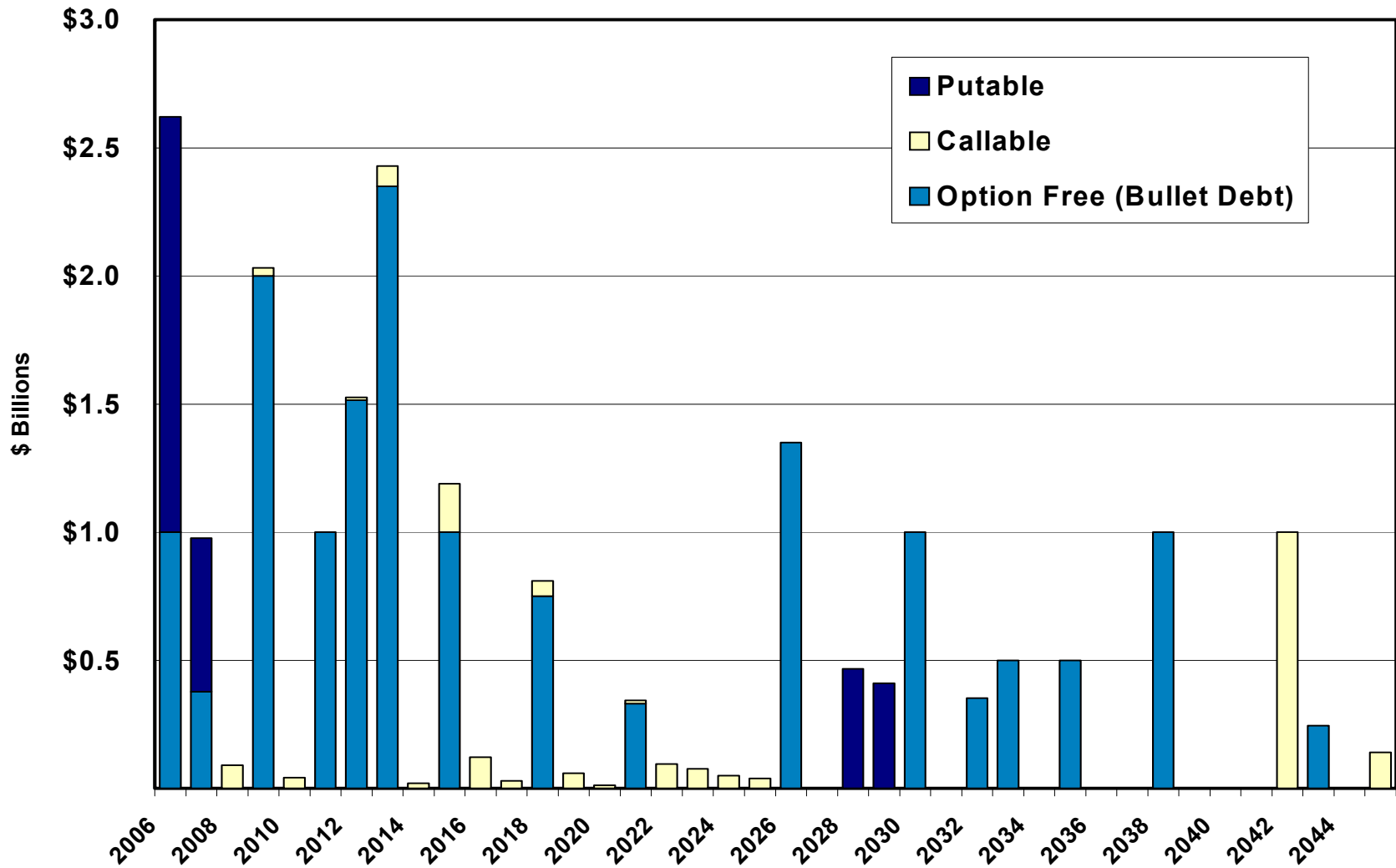


What Makes TVA Unique as an Agency Issuer?

- **TVA is an electric power generator and regional stewardship agency, not a financial services firm**
 - *America's largest public power generator*
 - *Completely self-funded (receives no taxpayer funding)*
 - *Power system infrastructure composed of tangible, cash-producing assets*
 - *Major reliability coordinator for the Eastern Interconnection power grid*
 - *Over 70 years of successful power operations and stewardship activity spanning several wars, multiple economic cycles, and various industry trends*
- **TVA has a different structure than GSE issuers:**
 - *Wholly-owned by the U.S. Government (no outside shareholders)*
 - *TVA finances are included as a part of the federal budget and in the financial statements of the U.S. Government*
- **State and local income tax exemption on TVA bonds and notes**



TVA Debt Maturities



At December 31, 2005 (unaudited)

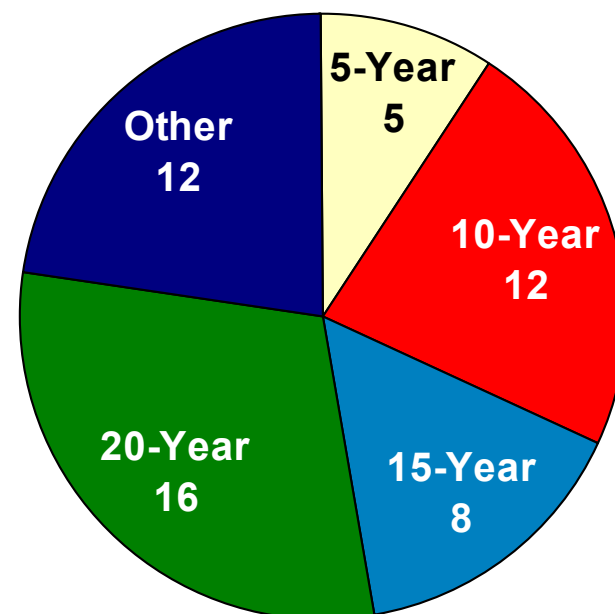


electronotes[®] Program Highlights



Date of Inception:	April 2001
Issuance (since inception):	\$1,924 million
Redemptions (since inception):	\$907 million
Average Issue Size*:	\$19 million
Outstanding*:	\$1,017 million
Average Coupon*:	4.693%
Average Life*:	10.76 years
Co-Agents:	9

**Number of Issues by
Original Final Maturity***



**At December 31, 2005 (unaudited)*



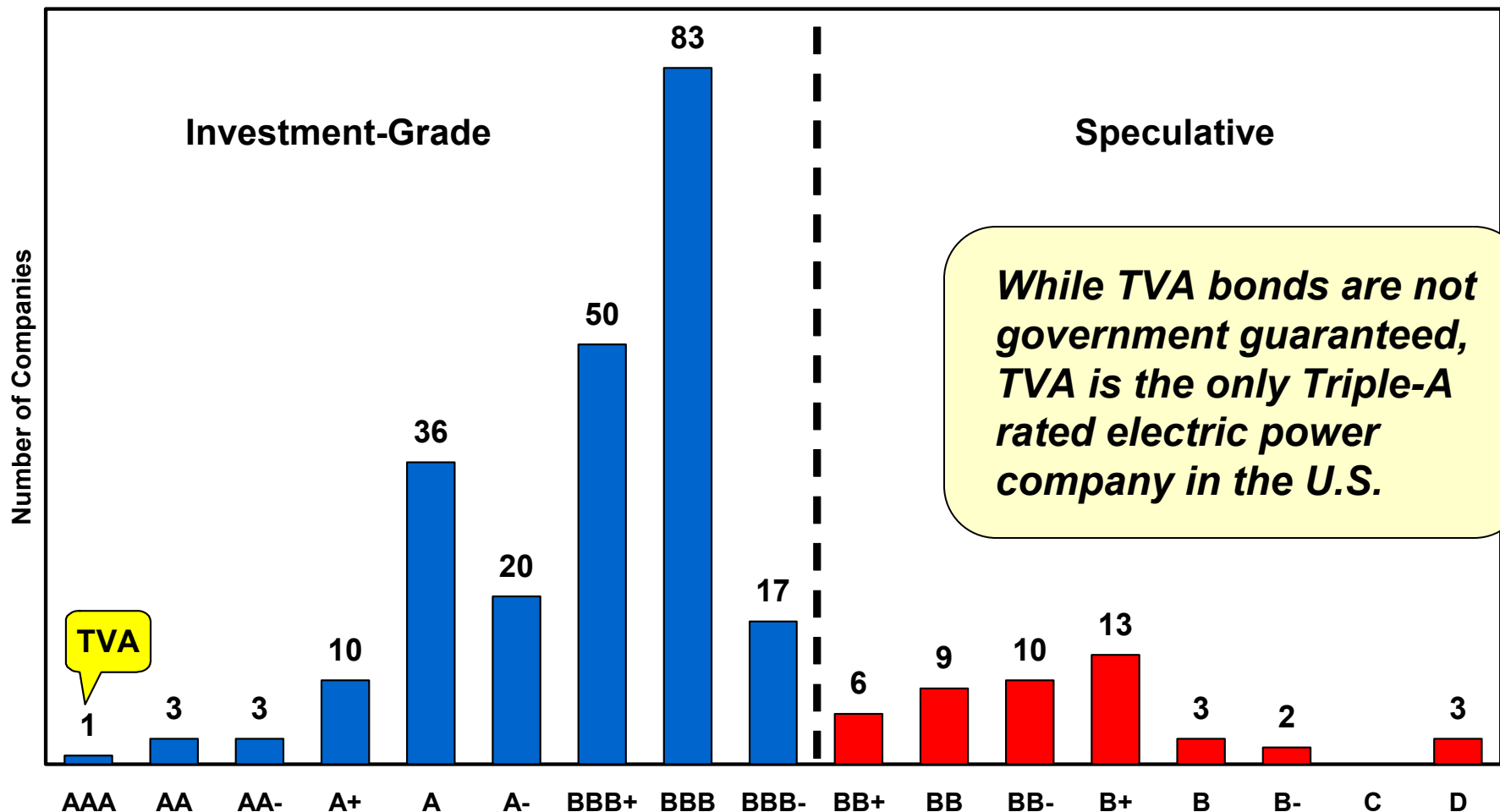
TVA Investor Advantages

- ***Strong Credit Ratings*** – TVA's rated Power Bonds and notes receive the highest credit ratings available from major credit rating agencies, based on TVA's business operations and status as a wholly-owned agency.
- ***First Pledge of Payment*** – TVA bonds and notes are not guaranteed by the U.S. government. However, TVA bondholders are given first pledge of payment from TVA power revenues by the TVA Act.
- ***Purpose of Issuance*** – TVA may only issue securities to provide capital for its power program or to refund existing indebtedness.
- ***State and Local Income Tax Exemption*** – Both the principal and interest on TVA bonds are exempt from state and local income taxes. (TVA bonds are not exempt from gift, inheritance, or estate taxes, or from federal income tax.)



TVA Investor Advantages

S&P Domestic Utility Credit Ratings - December 2005



Source: S&P Ratings Direct, December 2005 (Note: Ratings are for rated utility operating subsidiaries)



TVA Investor Advantages

Effective Yield Comparison

TVA bonds are exempt from state and local income taxes. The effective yield on a state and local income tax exempt TVA bond may therefore be higher than that of a comparable taxable bond with the same coupon rate.

Hypothetical TVA Coupon Rate**	Required Taxable Equivalent Yield* at Various State and Local Income Tax Rates				
	2%	4%	6%	8%	10%
4.00%	4.08%	4.17%	4.26%	4.35%	4.44%
5.00%	5.10%	5.21%	5.32%	5.43%	5.56%
6.00%	6.12%	6.25%	6.38%	6.52%	6.67%

* Without taking into account any federal deduction for state taxes paid

** Before-tax yield



Forward-Looking Statements

This presentation contains forward-looking statements relating to future events and future performance. Any statements regarding expectations, beliefs, plans, projections, estimates, objectives, intentions, assumptions or otherwise relating to future events or performance may be forward-looking. In certain cases, forward-looking statements can be identified by the use of the words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “project,” “plan,” “predict,” “assume,” “estimate,” “objective,” “possible,” “potential,” or other similar expressions.

Some examples of forward-looking statements include statements regarding TVA’s projections of future power and energy requirements; future costs related to environmental compliance; impacts of potential legislation on TVA and the likelihood of enactment of such legislation; strategic objectives; anticipated availability of nuclear waste storage facilities; projections of nuclear decommissioning costs; expectations about the adequacy of TVA’s nuclear decommissioning fund; the impact of new accounting pronouncements and interpretations; the anticipated cost and timetable for returning Browns Ferry Unit 1 to service; and impacts of pending litigation and various administrative orders which have been or may be issued.

Although TVA believes that the assumptions underlying the forward-looking statements are reasonable, TVA does not guarantee the accuracy of these statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, new laws, regulations, and administrative orders, especially those related to the restructuring of the electric power industry and various environmental matters; increased competition among electric utilities; changes to the provision that prohibits FERC from ordering TVA to deliver power from a non-TVA source to a customer if the power would be consumed within TVA’s defined service territory; legal and administrative proceedings affecting TVA; the financial and economic environment; performance of TVA’s generation and transmission assets; fuel prices; demand for electricity; changes in technology; changes in the price of power; loss of any significant customers or suppliers; creditworthiness of counterparties; weather conditions and other natural phenomena; damage to power production or transmission facilities or systems due to accidental events or terrorist activity; changes in accounting standards; and unforeseeable events. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the extent to which any factor or combination of factors may impact TVA’s business or cause results to differ materially from those contained in any forward-looking statement.

TVA undertakes no obligation to update any forward-looking statement to reflect developments that occur after the statement is made. This presentation does not contain all information about TVA or TVA securities that is important for making investment decisions and does not constitute an offer to sell or a solicitation of an offer to buy any TVA securities.